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ARTICLE 146 PENSION RECOVERY

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146.01 DEFINITIONS

The following terms and phrases when used in this article shall have the meaning ascribed to them in this section, except where the context clearly indicates a different meaning:

1. **Actuary** means a person who has at least five (5) years of actuarial experience with public pension plans and who is either enrolled as a Member of the American Academy of Actuaries or enrolled as an actuary pursuant to the Federal Employee Retirement Income Security Act of 1974 and who is retained by the City to perform actuarial valuations, studies and Act 205 of 1984 certifications. (12881 §1 11/16/88)

2. **Amortization of Unfunded Accrued Liability** means the interest adjusted amount required to be contributed in order to reduce the Unfunded Accrued Liability to zero over a specified number of years. (12560 §1 6/8/83)

3. **Employees' Pension Fund** means the Pension Fund that includes the City's non-uniformed officers and employees as outlined in Article 141 of the Codified Ordinances of the City of Allentown. (12560 §1 6/8/83)

4. **Investment Manager** means the person(s) or firm(s) retained to provide financial advice and to manage the assets of the respective Pension Funds in accordance with established policy guidelines. (12560 §1 6/8/83)

5. **Normal Cost** means that portion of the actuarial present value of pension plan benefits and expenses which is allocated to the plan year by the actuarial cost method. (12881 §1 11/16/88)

6. **Paid Firemen's Pension Fund** means the Pension Fund that includes the City's uniformed Firemen as outlined in Article 145 of the Codified Ordinances of the City of Allentown. (12560 §1 6/8/83)

7. **Police Pension Fund** means the Pension Fund that includes the City's uniformed police officers as outlined in Article 143 of the Codified Ordinances of the City of Allentown. (12560 §1 6/8/83)

8. **Unfunded Accrued Liability** means that portion of the actuarial present value of pension plan benefits and expenses which is allocated to the period ending at the beginning day of the current plan year by the actuarial cost method, less the actuarial value of assets. (12881 §1 11/16/88)

146.02 REQUIREMENT FOR ANNUAL ACTUARIAL VALUATIONS

A. The City shall, annually, have completed actuarial valuations of the City's Police, Paid Firemen's and Employee's Pension Funds. The actuarial valuations shall identify Unfunded Accrued Liability in each fund, as well as recommended contributions to each fund to cover minimum Act 205 funding requirements and alternate levels of funding. (12560 §1 6/8/83)

B. The annual actuarial valuations shall include the prescribed Pension Fund information and reports pursuant to Pennsylvania's Act 205 of 1984. (12881 §2 11/16/88)

C. The Director of Administration and Finance shall be responsible for the initiation and completion of the required action to provide the actuarial valuation reports. (12881 §2 11/16/88)

146.03 MINIMUM FUNDING REQUIREMENTS

For purposes of this article, the "Financial Requirement of the Plan" for the City's Police, Paid Firemen's and Employees' Pension Funds shall be defined as the level of funding necessary to make payment for Normal Cost and the Amortization of the Unfunded Accrued Liabilities of the Pension Funds over the periods of years as specified under Act 205 of 1984. (12881 §3 11/16/88)

The "Minimum Obligation of the Municipality" for the City's Police, Paid Firemen's and Employees' Pension Funds is equal to the Financial Requirements of the Plans, less the amount of State aid from the Commonwealth, less member contributions, less one-tenth of the amount by which the actuarial value of assets exceeds the actuarial accrued liability if any.

A. In accordance with Act 205 of 1984, the Director of Administration and Finance, as chief administrative officer, must annually determine the Financial Requirements of the Plans for the following plan year based on the most recent actuarial valuation report. The Normal Cost for the following year shall be expressed as a dollar amount, and shall be determined by applying the Normal Cost as reported in the most recent actuarial valuation report expressed as a percentage of covered payroll, to the estimated covered payroll of the active members for the following year.

B. Further, annually the Director of Administration and Finance must certify to City Council, as the governing board of the municipality, the amount of the Minimum Obligation of the Municipality to the Plans for the following year. The Minimum Obligation of the Municipality for the following plan year is equal to the Financial Requirement of the Plan for the following plan year, less expected State and expected member contributions for the following plan year, less an amount equal to one-tenth of the amount by which the actuarial value of assets exceeds the actuarial accrued liability if any.

C. The certification of the Minimum Obligation of the Municipality must be made by September 30th of the plan year preceding the year for which the certification is being made. This amount shall be provided for in the Budget of the City. Payment of the Minimum Obligation of the Municipality may be paid by the City during January of the applicable plan year. If the contribution is made subsequent to January, the Minimum Obligation of the Municipality will be increased for interest at the rate used for funding purposes.

D. In no event may the City contribute less than the Minimum Obligation of the Municipality for any plan year. However, in its sole discretion, City Council may contribute an amount which exceeds the Minimum Obligation of the Municipality. (12881 §3 11/16/88)

146.04 DISTRIBUTION OF CITY CONTRIBUTIONS TO THE INDIVIDUAL PENSION FUNDS

A. Within the standard compliance to the funding requirements in Section 146.03(a), (b) and (c) above, the City, annually, shall determine the distribution percentage and dollar amount of City contribution to each of the Pension Funds, and make the contributions accordingly. (12560 §1 6/8/83)

B. A Committee is hereby formed pursuant to this article, consisting of the Director of Administration and Finance, two (2) Councilpersons appointed by the President of Council, Manager of Treasury and Accounting Operations, and one (1) employee representative from each of the Pension Boards. This Committee shall be called the Pension Funds Recovery Committee. The Committee is required to annually review the actuarial status of each of the Pension Funds, and determine the percentage apportionment/ distribution of City contributions to the three (3) Pension Funds. In performing its review, the Committee shall consult with the Actuary who performed the most recent valuation analysis, as well as the Investment Manager of each of the Pension Funds. (12560 §1 6/8/83; 12881 §5 11/16/88)

C. The allocation of City contributions to the respective funds shall be based upon the funding need of each of the funds, specifically to support the obligation of each of the funds to continue to meet the payment of pension obligations or to have the most favorable impact on the aggregate unfunded accrued liability of the three (3) Pension Funds. (12560 §1 6/8/83)

ARTICLE 147

AGGREGATED PENSION TRUST FUND

- 147.01 Purpose
- 147.02 Board of Trustees Established
- 147.03 Board of Trustees; Membership, Appointment and Term
- 147.04 Trustee Officers
- 147.05 Quorum
- 147.06 No Compensation
- 147.07 Accounting
- 147.08 Legal Title of Assets
- 147.09 Invest
- 147.10 Valuation of Assets

Part 1 – Administrative Code - Pension Recovery, Aggregate Board, Retirement of Police and Fire,
Elected Officials Compensation Act

147.01 PURPOSE

The Commonwealth of Pennsylvania, pursuant to the Municipal Pension Plan Funding Standard and Recovery Act of 1984, No. 205, as amended "Act 205", will make available to municipalities Supplemental State Assistance to financially distressed pension funds. The City of Allentown desires to take advantage of this financial aid, since it believes it qualifies for such assistance. (14923 § 09/21/11)

147.02 BOARD OF TRUSTEES ESTABLISHED

There shall be created an Aggregated Pension Trust Fund, which shall oversee and monitor the investments of the three City-administered Pension Funds, the Officers' and Employees' Retirement and Pension System, the Police Pension Fund Association and the Paid Firemen's Pension Fund.

147.03 BOARD OF TRUSTEES; MEMBERSHIP, APPOINTMENT AND TERM

All pension fund activity established under the provisions of this Article shall be under the direction and control of a Board of Trustees, consisting of the Director of Finance, the City Controller, and one (1) Councilperson chosen by Council, one (1) resident chosen by City Council, whose memberships shall be concurrent with Council tenure, one (1) resident of the City, to be chosen by the Mayor with the approval of Council, concurrent with the Mayor's tenure of office, and one resident of the City, to be chosen by the Mayor, concurrent with the Mayor's tenure of office, and two (2) representatives of the active membership of each pension plan included in the aggregated pension trust fund, who shall be elected by the active membership of the applicable pension plan for a term of four (4) years. In the event of any deadlock, the managing boards or entities shall mutually agree upon a member of the general public to cast the deciding vote. In case of a vacancy among the Trustees chosen by the active membership of each pension plan, a successor shall be forthwith chosen by them for the unexpired term.

In the event any aggregated pension fund ceases to have an active membership, the associated representative(s) shall continue to serve until the expiration of their term. At the time of such expiration, the Board of Trustees will be reduced as determined by City Council to maintain the equal ratio required by Section 607(b) of Act 205. (14923 § 09/21/11)

147.04 TRUSTEE OFFICERS

The Board shall elect the President, the City Controller the Secretary, and the Director of Finance the Treasurer of the Aggregated Pension Trust Fund.

147.05 QUORUM

A majority of the Board of Trustees shall constitute a quorum and shall have the power to transact such business as may properly come before it. (14923 § 09/21/11)

147.06 NO COMPENSATION

The Trustees of the Board shall receive no compensation for the services thus performed.

147.07 ACCOUNTING

Each pension plan subject to the aggregation shall have an undivided participation in the assets of the combined pension trust fund. For accounting purposes, the value of the participation by each plan shall be calculated annually. The value for the initial year following aggregations shall be that portion of the total value of the pension trust fund which bears the same relationship that the value of the assets of the pension plan, as of the date of the aggregation plus the contributions received by the pension trust fund with respect to that pension plan since the date of aggregation, and reduced by the amount of retirement annuities and benefits paid from the pension trust fund for annuitants and benefit recipients of that pension plan since the date of aggregation bears to the total value of all assets transferred to the pension trust fund as of the date of aggregation plus the total contributions received by the pension trust fund since the date of aggregation and reduced by the total amount of retirement annuities and benefits paid for all annuitants and benefit recipients since the date of aggregation. The value of the participation for each year subsequent to the initial year following aggregation shall be that portion of the total value of the pension trust fund which bears the same relationship that the value of the participation of the pension plan, as of the close of the preceding year plus the contributions received by the pension trust fund with respect to that pension plan during the year and reduced by the amount of retirement annuities and benefits paid from the pension trust fund for annuitants and benefit recipients of that pension plan during the year, bears to the total value of all participation in the pension trust fund as of the close of the preceding year plus the total contributions received by the pension trust fund during the year and reduced by the total amount of retirement annuities and benefits paid for all annuitants and benefit recipients during the year.

147.08 LEGAL TITLE OF ASSETS

Legal title to assets in the aggregated pension trust fund shall be in the municipality as trustee, or its nominees as trustees, for any person having a beneficial interest in a particular pension plan which is associated with the pension trust fund.

147.09 INVESTMENTS

The assets of the aggregated pension trust fund shall be invested in investment securities which are authorized investments pursuant to any applicable law for any of the associated pension plans.

Investment earnings shall be allocated to each associated pension plan in proportion to the most recently determined participation value.

147.10 VALUATION OF ASSETS

Valuation of assets shall be pursuant to the provisions of Section 202 (e) (1) of the Municipal Pension Plan Funding Standard and Recovery Act of 1984, No.205, as amended and any applicable rules and regulations issued by the commission. (14923 § 09/21/11)

147.98 SEVERABILITY

The provisions of this Article are severable and if any of its sections, clauses or sentences shall be held illegal, invalid or unconstitutional, such provisions shall not affect or impair any of the remaining sections, clauses or sentences. It is hereby declared to be the intent of Council that this Article would have been adopted if such illegal, invalid or unconstitutional section, clause or sentence had not been included herein. (12797 §1 9/16/87)

ARTICLE 149

RETIREMENT OF FIREMEN AND POLICEMEN

- 149.01 Permissive Retirement at Sixty-five Years of Age
- 149.02 Application for Retention after Sixty-five Years of Age
- 149.03 Certificates of Fitness
- 149.04 Physical Examination May Be Required; Council Action
- 149.05 Retirement Mandatory at Seventy Years of Age
- 149.06 Right of Dismissal

CROSS REFERENCES

Pennsylvania Municipal Retirement System
See 53 P.S. §881 et seq.
Policemen Retirement
See 3rd Class §4302 (53 P.S. §39302)
Firemen Retirement
See 3rd Class §4321 (53 P.S. 39321)

149.01 PERMISSIVE RETIREMENT AT SIXTY-FIVE YEARS OF AGE

All paid firemen in the Bureau of Fire and all policemen in the Bureau of Police, upon attaining sixty-five years of age, shall be retired unless Council by appropriate resolution decides otherwise by granting application for retention in accordance with the following provisions. (12235 §1 2/2/77)

149.02 APPLICATION FOR RETENTION AFTER SIXTY-FIVE YEARS OF AGE

A paid fireman or policeman, upon attaining sixty-five years of age, may submit to the Department of Public Safety an application for retention and, at his cost, certificates in writing from two reputable physicians selected by the respective Pension Board, setting forth that the paid fireman or policeman concerned is physically and mentally capable of giving full and efficient service to the City as a fireman or policeman. If such application for retention is approved by the Department of Public Safety, it shall submit its recommendation for retention to Council, who shall take action thereupon. (8657 §2 5/20/58)

149.03 CERTIFICATES OF FITNESS

A paid fireman or policeman retained after attaining sixty-five years of age, shall, before attaining sixty-six, sixty-seven, sixty-eight and sixty-nine years of age, submit annually an application for retention and, at his cost, certificates in writing as set forth in Section 149.02. If such application for retention is approved by the Department of Public Safety it shall submit its recommendation for retention to Council, who shall take action thereupon. (8657 §3 5/20/58)

149.04 PHYSICAL EXAMINATION MAY BE REQUIRED; COUNCIL ACTION

The Department of Public Safety may, at any time after a paid fireman or policeman is retained upon attaining sixty-five years of age; order a physical examination. If the paid fireman or policeman is found to be physically or mentally incapable of giving full and efficient service to the Bureau of Fire or the Bureau of Police, it shall submit its recommendations for retirement to Council, who shall take action thereupon. (8657 §4 5/20/58)

149.05 RETIREMENT MANDATORY AT SEVENTY YEARS OF AGE

No paid fireman or policeman shall be retained in active service after attaining seventy years of age. (8657 §5 5/20/58)

149.06 RIGHT OF DISMISSAL

Nothing in this article shall be construed as preventing Council from dismissing paid firemen or policemen for reasons of cause, efficiency or economy. (8657 §6 5/20/58)

ARTICLE 151

CIVIL SERVICE

151.01 Firemen's Civil Service Rules – See Article 176 for Fire Civil Service Rules
(Ordinance No. 14420, passed on September 7, 2006 deleted Article 151.02,
Environmental Protection Specialist Civil Service Rules)

Amending the Administrative Code by deleting Article 151 Environmental Protection Specialist Civil Service Rules. (14420 §1 9/7/06)

The reason for deleting this section is because the rules prevented the Health Bureau from hiring good candidates for vacant sanitarian positions in a timely manner. The procedures as laid out are seen as cumbersome, fraught with time constraints, and has resulted in too few or no suitable candidates. The preference is to follow the City's established hiring process to fill vacant positions.

ARTICLE 153

ELECTED OFFICIAL COMPENSATION ACT

153.02 Elected Officials Compensation Act
153.04 Notification Requirements; Physician Choice
153.06 Calculation of Benefits
153.08 Payment and Funding

153.02 ELECTED OFFICIALS COMPENSATION ACT

All elected officials of the City of Allentown shall be provided coverage from an injury, illness or disability sustained in the course of their elected duties in the same manner and to the same extent as the coverage provided City employees under the Pennsylvania Workers' Compensation Act. (12998 §1 9/5/90)

153.04 NOTIFICATION REQUIREMENTS; PHYSICIAN CHOICE

A. When an elected official is injured or sustains a work related illness in the course of their duties, they shall report the incident to the Bureau of Management Services as soon as possible.

B. If the elected official does not wish to seek medical attention, the elected official should contact the Bureau of Management Services so that an incident report can be completed and placed on file. This information serves as official notice of injury should medical attention become necessary in the future.

C. If medical attention is required, the elected official shall choose one of the physicians whose name appears on the City's list of approved physicians. If the elected official is out of town on City business and an injury or illness occurs, any physician or hospital from the local area may be selected.

D. Whenever an elected official seeks medical attention for an occupational injury or illness, Management Services shall be notified as soon as possible for the purpose of filing an "Employer's Report of Occupational Injury or Disease."

E. Upon returning to their duties after an on-the-job injury or illness, the elected official is required to submit to the City of Allentown a medical certification form. The elected official must submit this form in all cases in which the elected official has

received medical attention regardless of whether or not the elected official has missed any work. The purpose of this form is to assure that the elected official is sufficiently recovered from the injury or illness to return to their duties.

F. Disability for a work related injury or illness begins on the first day following the injury or illness that the elected official is unable to work as a result of the injury or illness, whether they are or are not scheduled to work. (12998 §1 9/5/90)

153.06 CALCULATION OF BENEFITS

An elected official who is unable to fulfill their duties as a result of an occupational injury or illness shall receive compensation benefits computed by dividing the year previous (from date of injury) to the injury in four quarters of thirteen weeks each. Earnings from all employment, including self-employment, shall be used for compensation purposes. The quarter most favorable to the elected official in the year previous to the injury is the computing period which, when divided by thirteen, will determine the weekly wage. The compensation rate is 66-2/3 percentum of that weekly wage but not greater than the maximum weekly compensation allowed (the current Workers' Compensation Act will be used to provide guidance). In order to receive this compensation, the elected official shall be required to return their City paycheck to the Risk Management Fund OR the elected official may choose instead to collect their City paycheck until the expiration of their current term of office. At that time, if still disabled due to the injury or illness, the elected official shall receive compensation from the City according to the formula outlined above. (12998 §1 9/5/90)

153.08 PAYMENT AND FUNDING

A. The City of Allentown shall provide payment for reasonable surgical and medical services rendered by a duly licensed practitioner of the healing arts, medicines, and supplies as and when needed provided that the services rendered are from a practitioner listed on the approved physicians list of a referral from that list or if the elected official is out of town, a physician or hospital from that locale may be selected.

B. All benefits and expenses shall be paid from the Risk Management Fund. (12998 §1 9/5/90)